cable services. Interim Report at ¶ 44; Further Notice at ¶ 22. The record fully supports the Commission's finding. See Interim Report at Appendix C, Chart 7; Baseball Comments at 16-17; Letter dated May 4, 1993 from Baseball counsel to FCC (attaching ratings and share data for baseball telecasts on national broadcast networks).

Baseball is committed to rekindling fan interest in free broadcasts of baseball games over network television. This commitment is reflected in several changes that baseball recently made in its network The 28 baseball clubs telecasting patterns. entered into a joint venture with ABC and NBC Sports, called The Baseball Network ("TBN"). Beginning with the 1994 season, TBN will take direct control of the production and marketing of all regular season and postbaseball telecasts national season on network TBN will be responsible for implementing a television. television policy that is designed to enhance the attractiveness of baseball on national over-the-air television.

1. Regular Season Telecasts. The first network telecast each season will be of the All-Star Game, when fan interest in baseball is at an upswing. A weekly telecast ("Baseball Night in America") will be aired during each of the 12 weeks following the All-Star

Game. Telecasts during the first six weeks will be presented over the ABC network, while telecasts during the final six weeks will be presented over the NBC network. Unlike the situation during the past few years, there now will be a consistent presence of baseball on national network television from the All-Star Game through the end of the post-season.

As the Commission is aware, most Americans choose to watch television during prime time. Accordingly, all of the TBN regular season telecasts will be carried in prime time in each time zone so that they are available to the greatest number of viewers of free television. Moreover, these telecasts will be aired on non-school nights (Monday or weekends during the summer; only weekends in the fall) in order to make them more accessible to younger viewers.

Baseball also has sought to regenerate viewer interest by televising the regular season games on a regional, rather than national, basis. Ratings for locally televised games have been approximately three times higher than those for national telecasts in recent years. By creating a hybrid product — network produced games of local interest during prime time — Baseball anticipates that the number of fans that view network baseball telecasts will increase significantly.

Under the new telecasting arrangement, TBN plans to produce a telecast for every one of the games to be played on the 12 telecast dates -- that is, up to 14 telecasts per date. Each such telecast will then be delivered to that portion of the country in which it is likely to generate the greatest interest. While fans will actually have access to 12 different network broadcasts of baseball during 1994 (as opposed to 16 in 1993), TBN will produce a total of up to 160 baseball telecasts for free television in 1994 (as opposed to the 32 produced in 1993). Because all games on a given date will be telecast, TBN will have the ability to provide viewers with highlights and update-coverage of all of that day's baseball action -- much the same as the networks do in their coverage of NFL regular season games.

The networks will have exclusive telecast rights on the 12 regular season dates, with some limits on exclusivity on Saturday afternoons if TBN does not select teams for network broadcast. Otherwise, no regional or national cable service or over-the-air broadcaster may televise on those dates. As noted above, fans will be able to receive over free network television the game that is likely to be of the greatest interest to them. For example, Orioles fans in the Baltimore-Washington region are scheduled to receive 11

over-the-air telecasts produced by TBN in addition to the 70 over-the-air telecasts that will be televised over their flagship stations (the Orioles are not scheduled to play on the twelfth TBN telecast date).

2. <u>Post-Season Telecasts</u>. Under the new telecasting arrangement (as in the past), all of baseball's post-season games will remain on free television.

ABC and NBC will alternate coverage of the All-Star Game and post-season. The network telecasting the All-Star Game also will carry the League Championship Series ("LCS"); the other network will carry the new Divisional Series and the World Series. If both teams in a two-team market are involved in post-season play, the telecasting network will carry one of the two games, and the other game will be televised by an alternate over-the-air station in that market. 6

Beginning in 1994, the baseball clubs in each league (the American League and the National League) will be realigned into three Divisions, and a new round of play-offs (the Divisional Series) has been added. The Eastern and Central Divisions of each League will contain five teams, and the Western Division in each League will contain four teams. At the end of the regular season, in each League the three division winners as well as a "wild card" team (the second place team with the best record) meet in best-of-five divisional play-offs. The two winning teams then advance to the best-of-seven LCS. Baseball anticipates that the new divisional play-off structure will increase fan interest in baseball -- including free telecasts of regular season and post-season baseball -- by keeping more teams in contention for post-season play.

Under the CBS contract, which expired at the end of the 1993 season, every LCS game was shown nationally. This required several games to be broadcast in the afternoon in order to accommodate all games in both leagues; baseball was the only professional sport in the United States that played post-season games during weekday afternoons. Ratings for daytime LCS games — which of course are typically lower than prime time ratings — had declined 37 percent since 1985. Further, national televising of all LCS games resulted in a dilution of overall fan interest in the LCS; national ratings for all LCS games had decreased 33 percent since 1985.

To address this situation, all Divisional Series and LCS games will be televised live simultaneously on a regional basis in prime time. This will ensure that the games in which fans are likely most interested will be available at a time when the games are most likely to be viewed. The network will continuously update play-off games in progress that are not being shown in a particular area, in much the same way that CBS covers the early rounds of the NCAA basketball tournament. If a sixth and/or seventh LCS game is needed in both leagues, the starting times of the games will be staggered.

All World Series games will be televised nationally during prime time. In order to increase audience reach with younger fans, each weekend World Series telecast will start at 7:00 p.m. Eastern Time -- one hour earlier than was the case under baseball's prior contract with CBS. Each weekday World Series game will start by 8:00 p.m. Eastern Time.

#### D. Regional Sports Networks

Telecasting Patterns. Cable systems may offer their subscribers the games of local teams by carrying regional sports networks ("RSN"), which are generally available via satellite in broad geographic areas. As Baseball explained in its earlier Comments at number of baseball telecasts on RSNs 17-20. the increased from approximately 215 in 1981 to 1,205 in 1993. The data for the upcoming season are relatively unchanged from 1993; 21 of the 26 U.S. baseball clubs will present a total of 1,211 telecasts over RSNs in 1994 (as compared to the 1,707 flagship, and approximately 160 TBN, free telecasts).

Table 5
Baseball Telecasts on Cable
Regional Sports Networks (1981-1994)\*

1981 215 1993 1205 1994 1211 <u>See</u> Exhibit 3, which identifies each of the RSNs that will televise baseball in 1994 and the number of telecasts to be presented by that RSN.

As also discussed in Baseball's initial Comments, the growth in baseball telecasts over RSNs has not come at the expense of over-the-air broadcasts. While the total number of baseball telecasts over RSNs has increased, so too has the total number of baseball broadcasts over flagships. RSNs generally have served as an outlet for baseball games that were not previously being televised (particularly home games or games beyond the number in which flagship stations were interested in broadcasting). Had the Commission's anti-siphoning rules not been struck down in HBQ, those rules likely would have prevented the public from having any access to many of these games. See Baseball Comments at 36-37.

2. Price and Availability. In its Further Notice at ¶ 12, the Commission sought information concerning the price and availability of RSNs.

RSNs that televise baseball are offered in various configurations. In some instances, RSNs are available as part of the cable system's basic or expanded basic tiers; for example, the Cardinals' RSN (Prime Sports Network) is currently offered only as part of basic service, while the Braves' RSN (SportSouth Network) is offered as part of either basic or expanded

basic -- depending upon the cable system. In some instances, the RSNs are offered only as an "a la carte" premium selection, such as the Red Sox' NESN. 7

An RSN may be available on different tiers on cable systems throughout the RSN's area of availability (for example, the Tigers' PASS); in such cases, the RSN may be offered as an a la carte service in the network's "core" service area (where interest in the games is most intense) and as part of basic service in outlying areas (where subscribers may have relatively less interest in the RSN's programming). In some cases, RSNs may be placed on different tiers by cable systems in adjacent franchise areas. For example, Home Team Sports, the Orioles' RSN, is available only as a premium service in Montgomery County, Maryland and Arlington County, Virginia, but is part of the expanded basic tier in Washington, D.C.

With the exception of the Reds' RSN (SportsChannel Cincinnati), the Indians' RSN (SportsChannel Ohio) and the Twins' RSN (Midwest SportsChannel), none of the RSNs in 1994 will offer baseball telecasts on a pay-per-view basis. The cost of Reds on PPV is \$39.95 for a season package of 36 games. Individual Reds and Indians games can be purchased for \$5.95. Both SportsChannel Ohio and SportsChannel Cincinnati are offered as part of basic service and expanded basic service as well as an a la carte service — depending upon the cable system. Twins games are offered by MSC on a pay-per-view basis in the Minneapolis metropolitan area. Prices vary by cable system, averaging \$5.95 per game. One cable system offers the games in a season package. MSC telecasts of Twins games are offered on the basic service tier outside of the Minneapolis area.

With regard to cost, RSNs that are part of the basic or expanded service tier priced are not separately, but are provided to the subscriber along with other programming on the tier for one combined charge. Prices for such tiers vary widely, depending in large part on the number and type of other channels found on the tier. Under the 1992 Cable Act and the rules promulgated by the Commission pursuant to this law, rates for basic and expanded basic service tiers the Commission and/or are regulated by authorities, and are required by law to be "reasonable." See 47 U.S.C. §§ 543(b)(1) and 543(c)(1). The nature and extent of rate regulation under the 1992 Cable Act underscores the fact that anti-siphoning rules are unnecessary.8

#### E. National Cable Network

In 1990 baseball entered into a landmark agreement with ESPN that was intended to increase substantially the viewing options available to baseball

Although rates for "a la carte" premium services are not regulated under the 1992 Act, the exclusion of such services from regulation reflects a Congressional finding that per channel offerings "can enhance subscriber choice and encourage competition among programming services." H.R. Rep. No. 628, 102d Cong., 2d Sess., at 90 (1992). Such programming is more apt to be regulated by the marketplace, since subscribers are more likely to avoid subscribing to individual channels that are overpriced.

fans across the country. As explained in Baseball's initial Comments at 20-24, the ESPN package proved to be a substantial success from the standpoint of the American public, which had access during each of the 1990-93 seasons to more than 150 baseball games -- as well as to numerous "cut-ins," studio updates, highlights and baseball-related programs. ESPN became the daily electronic voice of major league baseball and an important source of diverse programming for baseball fans nationwide.

From an economic standpoint, however, the ESPN package did not turn out to be what ESPN had envisioned. ESPN reportedly lost millions of dollars on baseball —in large measure because of the unfair competition posed by superstations. See Baseball Comments at 25-26. Consequently, ESPN chose not to exercise an option to renew its original deal with baseball.

Baseball was able to renegotiate with ESPN a new six year deal, which will continue to provide over 60 million cable subscribers with a substantial amount of baseball programming. The principal difference between the original and the new ESPN packages is that the number of telecasts has been reduced. Beginning with the 1994 season, ESPN will televise between 70-80 games each year — approximately half the number that were televised during each of the 1990-93 seasons.

ESPN will continue to present telecasts on Sunday and Wednesday evenings. It will have the right to televise up to three games on each of the holidays during the season (Memorial Day, Independence Day and Labor Day); certain pennant race games; and any divisional tiebreaker games. ESPN has eliminated the non-exclusive low-rated Tuesday and Friday night telecasts. ESPN may present cut-ins to key moments, such as record breaking performances, whenever they occur -- and not solely during baseball programming. In addition, ESPN will continue to present the very popular "Baseball Tonight," a daily program devoted to baseball. ESPN and baseball to develop multi-media products agreed (including home video games and on-line personal computer services) as well as children's programming and home shopping shows.

The exclusivity provisions are limited. On Sundays, no superstation may televise a game that begins after 5:00 p.m. Eastern Time; the clubs playing in the Sunday ESPN telecast may not televise if ESPN makes its telecast available within the territories of those clubs. Further, no club is permitted to air flagship broadcasts of any Wednesday game scheduled to start after 4:05 p.m. Eastern Time; the clubs playing in the Wednesday ESPN telecast may not telecast such games over regional cable networks (on a very limited number of dates) if ESPN

makes its telecast available within the territories of those clubs. 9

The exclusivity provisions are the same as those set forth in the original agreement. As previously explained, these exclusivity provisions are commonplace in programming agreements; they nothing more than a scheduling restriction; and they do not appreciably affect over-the-air broadcasts baseball games (the number of such telecasts will in fact be greater in 1994 than they were prior to the original ESPN contract). See Baseball Comments at 20-22; Baseball Reply Comments at 8-9. Furthermore, the substantial proconsumer benefits of the ESPN package would not be possible absent such a grant of exclusivity. best reflected in the fact that ESPN chose to drop all of the non-exclusive telecasts that it had been presenting on evenings other than Sunday and Wednesday.

On nights when ESPN does not make its telecasts available within a team's territory, it may still telecast such team's game into any market in the territory that does not have access to the team's RSN carrying the game. This ensures that all cable subscribers in the team's territory will be able to view a game, even if some subscribers in the territory do not have access to the team's RSN.

#### CONCLUSION

For the reasons set forth above and in Baseball's initial Comments and Reply Comments, there is no need for anti-siphoning rules that would impermissibly interfere with the First Amendment rights of sports programmers.

Respectfully submitted,

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April 11, 1994

# EXHIBIT 1

BASEBALL FLAGSHIPS -- 1994

Tean	Flagship*	Home	Away	Total
Atlanta Braves	WTBS (I)	59	58	117
Chicago Cubs	WGN (I)	76	61	137
Cincinnati Reds	WLWT (N)	8	45	53
Colorado Rockies	KWGN (I)	18	57	75
Florida Marlins	WBFS (I)	1	49	50
Houston Astros	KTXH (I)	1	63	64
Los Angeles Dodgers	KTLA (I)	10	46	56
New York Mets	WWOR (I)	37	35	72
Philadelphia Phillies	WPHL (I)	19	62	81
Pittsburgh Pirates	KDKA (N)	10	25	35
St. Louis Cardinals	KPLR (I)	15	45	60
San Diego Padres	KUSI (I)	0	49	49
San Francisco Giants	KTVU (I)	6	43	49
Baltimore Orioles	WJZ (N) WNUV (I)	18 10	12 30	30 40
Boston Red Sox	WSBK (I)	27	48	75
California Angels	KTLA (I)	6	44	50
Chicago White Sox	WGN (I)	21	30	51
Cleveland Indians	WUAB (I)	12	49	61
Detroit Tigers	WDIV (N)	14	34	48
Kansas City Royals	KSMO (N)	3	59	62
Milwaukee Brewers	WVTV (I)	6	60	66

Team	Flagship	Home	Away	Total
Minnesota Twins	WCCO (N) KLGT (I)	<b>9</b> 0	42 14	51 14
New York Yankees	WPIX (I)	26	24	50
Oakland A's	KRON (N)	14	36	50
Seattle Mariners	KSTW (I)	12	59	71
Texas Rangers	KTVT (I)	31	59	90
			<del></del>	
	TOTALS	469	1238	1707

 $<sup>\</sup>star$  (I) indicates independent station; (N) indicates network affiliate.

# EXHIBIT 2

BASEBALL REGIONAL TELEVISION NETWORKS - 1994

# \* Flagship Station

Club	Station	Location
Baltimore Orioles	WJZ* WNUV* WDCA WFTY WAAP WAU WFAY WHKV WRMY WVT WYED WGCB WJAL WPMT WBH	Baltimore, MD Baltimore, MD Washington, DC Washington, DC Burlington, NC Reidsville, NC Fayetteville, NC Hickory, NC Rocky Mount, NC Roanoke Rapids, NC Clayton, NC Red Lion, PA Chambersburg, PA York, PA Gloucestor, VA Ashland, VA
Boston Red Sox	WSBK* WGGB WLNE WTXX WVIT WCSH WLBZ WNNE	Boston, MA Springfield, MA New Bedford, MA Waterbury, CT Hartford, CT Portland, ME Bangor, ME White River Jct., VT
California Angels	KTLA*	Los Angeles, CA
Chicago White Sox	wgn*	Chicago, IL
Cleveland Indians	WUAB*	Cleveland, OH
Detroit Tigers	WDIV* WFMH WILX WPBN WTOM WWMT WUPW	Detroit, MI Flint-Saginaw, MI Lansing-Jackson, MI Traverse, MI Traverse, MI Kalamazoo, MI Toledo, OH

Kansas City Royals	KSMO*	Kansas City, MO
Name of the last	KQTV	St. Joseph, MO
	KRCG	Jefferson City, MO
	KSNF	Joplin, MO
	KYTV	Springfield, MO
	K57DR	Joplin, MO
	KDUB	Dubuque, IA
	KJMH	Burlington, IA
	KTIV	Sioux City, IA
	WOI	Des Monies, IA
	KAKE	Wichita, KS
	KUPK	Garden City, KS
	K6KZ	Junction City, KS
	WIBW	Topeka, KS
	KTVG	Grand Island, NE
	WOWT	Omaha, NE
	KOCB	Oklahoma City, OK
	KODQ	Sulphur, OK
	KTFO	Tulsa, OK
	RIFO	Idiba, or
Milwaukee Brewers	WVTV*	Milwaukee, WI
MIIWQURGE DIEWCIS	WAOW	Wausau, WI
	WCGV	Milwaukee, WI
	WFRV	Green Bay, WI
	WJFW	Rhinelander, WI
	WLAX	La Crosse, WI
	WMSN	Madison, WI
	WQOW	Eau Claire, WI
	KDUB	Dubuque, IA
		Cedar Rapids, IA
	KOCR	Rockford, IL
	WOCM	ROCKTOIG, II
Minnesota Twins	WCCO*	Minneapolis/St. Paul, MN
WIIIIGBOCG TWINS	KLGT*	Minneapolis/St. Paul, MN
	KCCO	Alexandria, MN
		Walker, MN
	KCCW	Duluth, MN
	KDLH	•
	KITN	Minneapolis/St. Paul, MN
	KIMT	Mason City, IA
	KTHI	Fargo, ND
	KEVN/KIVV	Rapid City, SD
	KSFY	Sioux Falls, SD
New York Yankees	WPIX*	New York, NY
MAM TOTY IGHVACD	WHEC	Rochester, NY
	WTWS	New London, CT
	HIND	"an Toligon' of

Oakland Athletics	KRON* KAIL KCBA KCBL KCNS KCVU KSCH KSTS KXTV KMOH KUSK KHNL KRLR KRNV KOBI KTVZ	San Francisco, CA Clovis, CA Salinas, CA Eureka, CA San Francisco, CA Chico, CA Rancho Cordova, CA San Jose, CA Sacramento, CA Flagstaff, AZ Prescott, AZ Honolulu, HI Las Vegas, NV Reno, NV Medford, OR Bend, OR
Seattle Mariners	KSTW* KEBB KOUU KTBY KLSR KPDX	Seattle/Tacoma, WA Yakima, AK Fairbanks, AK Anchorage, AK Eugene, OR Portland, OR
Texas Rangers	KTVT* KBO KCIT KDF KHTV KJTL KJTV KLTV KTRE KVC-13 KKTM KDW WBTR KCOX KTFO	Fort Worth, TX Wichita Falls, TX Amarillo, TX Corpus Christi, TX Houston, TX Wichita Falls, TX Lubbock, TX Tyler, TX Lufkin, TX Austin, TX Flagstaff, AZ Lafayette, LA Baton Rouge, LA Oklahoma City, OK Tulsa, OK
Atlanta Braves	WTBS*	Atlanta, GA
Chicago Cubs	WGN*	Chicago, IL

Cincinnati Reds	WLWT*	Cincinnati, OH
	WHIO	Dayton, OH
	WHIZ	Zanesville, OH
	WLIO	Lima, OH
	WTTE	Columbus, OH
	WEVV	Evansville, IN
	WFFT	Fort Wayne, IN
	WMCC	Indianapolis, IN
	W27BG	Jasper, IN
	WFTE	Louisville, KY
	WGRB	Bowling Green, KY
	WWAG	Hopkinsville, KY
	WHKY	Charlotte, NC
	WXMT	Nashville, TN
	W30AP/WKPT	Kingsport, TN
	WVAH	Charleston/Huntington, WV
		•
Coloredo Porteios	KWGN*	Denver, CO
Colorado Rockies	KOAA	Colorado Springs, CO
	KREG	Glenwood Springs, CO
	KREX	Grand Junction, CO
	KREY	Montrose, CO
	KREZ	Durango, CO
	KKTM	Flagstaff, AZ
	KDUH	Scottsbluff, NE
	KZIA	Las Cruces, NM
	KHSD	Deadwood, SD
	KOTA	Rapid City, SD
	KSGI	St. Geogre, UT
		Salt Lake City, UT
	KXIV	Cheyenne, WY
	KKTU KSGW	Sheridan, WY
		Casper/Riverton, WY
	KTWO	Casper/Rivercon, wi
Florida Marlins	WBFS*	Miami, FL
	WAQ	West Palm Beach, FL
	wbsv	Sarasota, FL
	WIRB	Orlando, FL
	WJTC	Pensacola, FL
	WNPL	Naples, FL
	W09B1	Tallahassee, FL
	WPTV	West Palm Beach, FL
	WTMV	Tampa, FL
Houston Astros	KTXH*	Houston, TX
**	KB935	Wichita Falls, TX
	KCCB	Greenville, TX
	KCP	Victoria, TX
	KETX	Livingston, TX

	KIDY KJLF KTLN KVC-13 K16BY K40AN KHLA KSBC K62DF-TV WBTR WNTZ KHFT	San Angelo, TX El Paso, TX Tyler, TX Austin, TX Crockett, TX Lubbock, TX Houma, LA Shreveport, LA Lafayette, LA Baton Rouge, LA Vidalia, LA Hobbs, NM
Los Angeles Dodgers	KTLA*	Los Angeles, CA
New York Mets	WWOR*	Secaucus, NJ
Philadelphia Phillies	WPHL* WLYH WOLF	Philadelphia, PA Lancaster, PA Wilkes-Barre, PA
Pittsburgh Pirates	KDKA* WPMT WWCP WKBN WTOV WYVN	Pittsburgh, PA York, PA Johnstown, PA Youngstown, OH Steubenville, OH Martinsburg, WV
St. Louis Cardinals	KPLR* KDEB KFVS KOMU KTVO K57DR KASN KPBI KDUB KJMH KOCR KTIV WGEM WYZZ W12CJ W24BP	St. Louis, MO Springfield, MO Cape Girardeau, MO Columbia, MO Kirksville, MO Joplin, MO Little Rock, AR Fort Smith, AR Dubuque, IA Burlington, IA Cedar Rapids, IA Sioux City, IA Quincy, IL Peoria, IL Mt. Carmel, IL Flora, IL

	WEVV KTFO	Evansville, IN Tulsa, OK
San Diego Padres	KUSI* KESQ XHBJ KUSK KZIA	San Diego, CA Palm Springs, CA San Diego, CA Prescott, AZ Las Cruces, NM
San Francisco Giants	KTVU* KCBA KMPH KRBK KUSK KHNL KAME KFBT	Oakland, CA Salinas, CA Fresno, CA Sacramento, CA Prescott, AZ Honolulu, HI Reno, NV Las Vegas, NV

# EXHIBIT 3

BASEBALL REGIONAL SPORTS NETWORK - 1994

Club R	egional Sports Network (Service Tier)*	1994 Telecasts
Atlanta Braves	SportsSouth (B/E)	30
Chicago Cubs	Chicagoland (B)	8
Cincinnati Reds	SportsChannel Cincinnati (B/P)	35
Colorado Rockies	-	-
Florida Marlins	Sunshine (B)	60
Houston Astros	Home Sports Entertainment (B/E/P)	57
Los Angeles Dodgers	-	-
New York Mets	SportsChannel New York (E/P)	75
Philadelphia Phillic	es Prism/SportsChannel Philadelphia (B/P)	66
Pittsburgh Pirates	KBL Entertainment (B/E/P)	60
St. Louis Cardinals	Prime Sports Network (B)	40
San Diego Padres	Prime Ticket (B)	24
San Francisco Giants	SportsChannel Pacific (B/P)	55
Baltimore Orioles	Home Team Sports (B/E/P)	78
Boston Red Sox	New England Sports Network (P)	74
California Angels	Prime Ticket (B/P)	21
Chicago White Sox	SportsChannel Chicago (B)	94
Cleveland Indians	SportsChannel Ohio (B/P)	60
Detroit Tigers	Pro Am Sports System (B/E/P)	69
Kansas City Royals	-	-
Milwaukee Brewers	-	-
Minnesota Twins	Midwest SportsChannel (B)	82
New York Yankees	Madison Square Garden (B/E)	106